Development and Protection of Intellectual Property

Chapter 18

Management Context	*Major Legal Issue*	*Relevant Law*	*Illustrative Cases*
Creating promotions and advertising campaigns/slogans, brand management	Creating a protectable property interest	Lanham Act	*Elliott v. Google Inc, Converse, Inc. v. International Trade Commission, Board of Supervisors of LSU v Smack Apparel, In re Seats, Pro-Football, Inc. v. Harjo, Blackhorse v. Pro-Football, Matal v. Tam, Inacu v. Brunetti*
	Registration of trademark/copyrights	Copyright Act of 1976	*In re Seats, Inc, NBA v. Motorola, Anti-Monopoly, Inc. v. General Mills Fun Group, Padres, Affiliated Hosp. Prods., Inc. v. Merdel Game Mfg. Co., Hoopla Sports Entertainment, Inc. v. Nike, Inc., Feist Publications, Inc. v. Rural Telephone Service Co., Fourth Estate Public Benefit Corp. v. Wall-Street.com*
	Protection of trademark/copyrights through policing and infringement actions		*March Madness Athletic Association v. Netfire, SportFuel, Inc. v. PepsiCo Inc. (The Gatorade Company), Atlanta National League Baseball Club, LLC v. Braves Taxi, UGAA v. Laite, Polaroid Corp. v. Polaroid*
Using artwork and advertising messages from outside sources	Works made for hire versus copyright ownership	Copyright Act of 1976	*Leonard v. Nike Inc., Fleurimond v. NYU, Phillies v Harrison/Erickson Inc., NASCAR v. Scharle*
Merchandise sales and licensing	Permitted uses of protected trademarks and copyrights	First amendment, Free Speech, Parody, and Fair Use	*Boston Athletic Association v. Velocity, Nitro, TRG Motorsports v. The Media Barons, North Face, TrafFix, Talking Rain, Smack Apparel, Maker's Mark, Campbell v. Acuff-Rose Music, Inc.*
	Limitations on uses	Functionality	*Talking Rain Beverage Co. v. South Beach Beverage Co, Robert M. Lyden v. Adidas America, Inc.*

Management Contexts, Relevant Laws, and Cases Part one

Management Context	*Major Legal Issue*	*Relevant Law*	*Illustrative Cases*
Response to infringing activities or non compliant licensees		Copyright Act of 1976	*USOC v. San Francisco Arts & Athletics, Inc., Solid Oak Sketches, LLC v. Visual Concepts, Bouchat v. Baltimore Ravens, Inc.*
Excessive licensing and potential abandonment of protected marks		Lanham Act	*Indianapolis Colts. v. Metropolitan Baltimore Football Club Ltd. Partnership, Sed Olet*
Monitoring competitors' advertising and promotional activities; and media activities	Media and artist use of protected marks and copyrights	Visual Rights Act of 1990	*NASCAR v. Scharle*
	Permitted uses of protected marks/copyrights	First Amendment, free speech	*Campbell v. Acuff-Rose Music*
	Trademark dilution	Trademark Dilution Act	*Moseley v. V Secret Catalogue, LeCharles Bentley et al. v. NBC Universal, Anheuser-Busch, Inc. v. Andy's Sportswear, Board of Regents, The University of Texas System v. KST Electric, adidas-America v. Payless Shoesource, Daubert v. Merrell Dow Pharmaceuticals, Nike v. Nikepal International, University of Kansas v. Sinks*
Use of an athlete's likeness	Rights to Publicity	State Law	*Haelan Laboratories, Inc. v. Topps Chewing Gum, Inc., Comedy III Productions v. Saderup, White v. Samsung Electronics, Keller v. Electronic Arts, Hart v. Electronic Arts*
	Defenses to Rights to Publicity claims	First Amendment	*Zacchini v. Scripps-Howard Broadcasting Co., Winter v. DC Comics, ETW Corp. v. Jireh Publishing Co., Rogers v. Grimaldi, Davis v. Electronic Arts Inc.*

Management Contexts, Relevant Laws, and Cases Part two

Some Areas of Intellectual Property

- Trademarks
- Trade dress
- Trade secrets
- Copyrights
- Patents

Differing Protections and Purposes for Intellectual Property Laws

Trademark and unfair competition laws	Protect consumers from deceptive and misleading advertising and marketing practices
Patent and copyright laws	Protect inventions and creative works

Trademarks

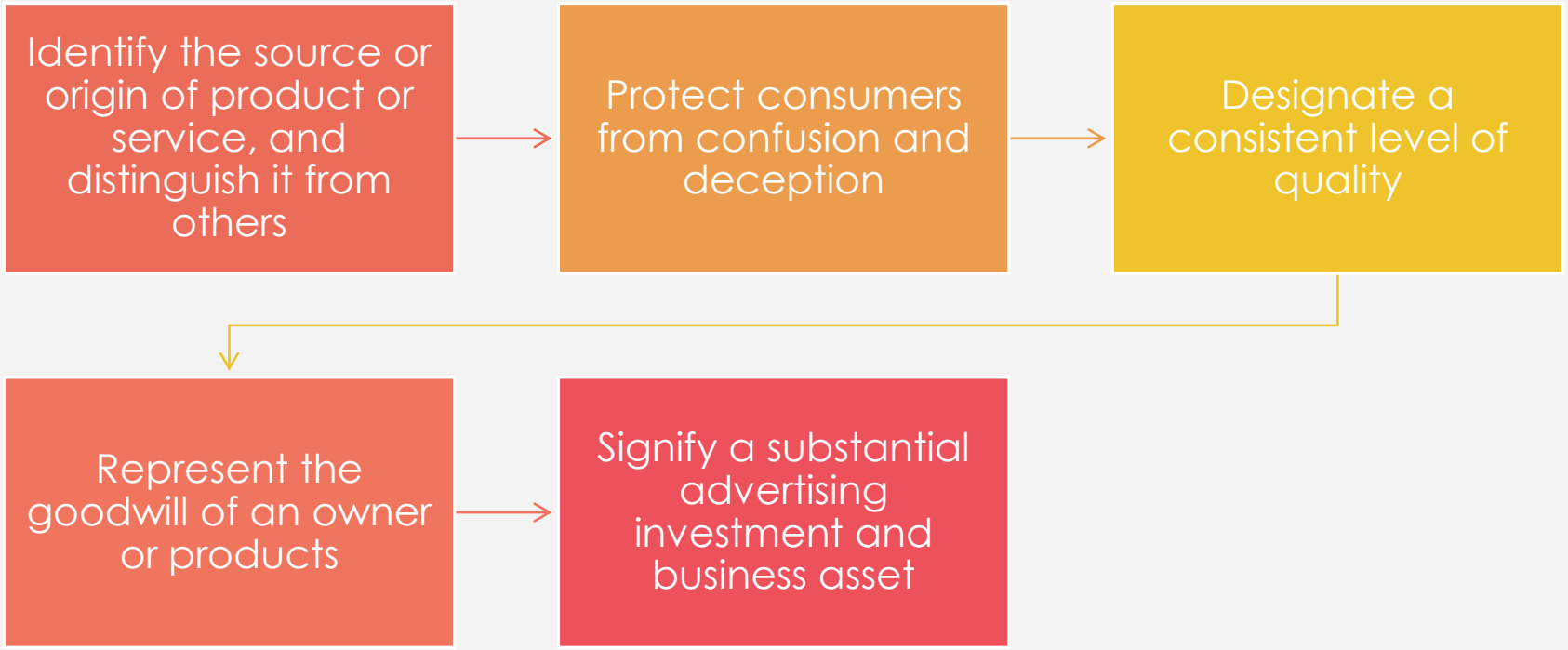
Trademark defined as:

A word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others" (15 U.S.C. § 1127)

A mark may include

- Words
- Numbers
- Abstract Designs
- Sounds
- Distinctive Packaging
- Distinctive Colors, Sounds, Scents

Purposes of Trademarks


Identify the source or origin of product or service, and distinguish it from others
Protect consumers from confusion and deception
Designate a consistent level of quality
Represent the goodwill of an owner or products
Signify a substantial advertising investment and business asset

Trademark Terms

- Trademark
- Service mark
- Collective mark
- Certification mark
- Trade dress
- Trade name

Distinctiveness of Trademarks

* Value & effectiveness of the mark relates to its distinctiveness
* The more distinctive the mark, the stronger it is considered for protection under federal trademark laws

Inherently Distinctive Marks

- Fanciful
- Arbitrary
- Suggestive

Protection for Nondistinctive Marks

Marks that are not inherently distinctive may be entitled to protection through acquired distinctiveness

Descriptive marks:

- Describe some purpose, function, or use of a product
- Entitled to protection if they acquire *secondary meaning*
  - An association in the consumers' mind of a single source or origin for the goods/services

Generic marks:

- Common descriptive names; public domain, not protectible as trademarks
- Well-recognized trademarks can become generic over time (e.g., Frisbee, trampoline)

Seven-factor Test for Establishing Secondary Meaning

1. Length and manner of the use of the mark or trade dress
2. Volume of sales
3. Amount and manner of advertising
4. Nature of use of the mark or trade dress in newspapers and magazines
5. Consumer survey evidence
6. Direct consumer testimony
7. The defendant's intent in copying the trade dress

Protection of Trade Dress

Distinctive packaging, shape, or appearance

- Total image and overall appearance of a product
- Product packaging
- Product configurations

To recover for infringement, a plaintiff must prove:

- The trade dress has obtained secondary meaning.
- The trade dress of two competing products is confusingly similar.
- The appropriated features of the trade dress are primarily non-functional.

Protection of Color as a Trademark

Color can serve as a trademark if it possesses the basic legal requirements: distinctiveness, source identification, and non-functionality

No registration rights for color unless it has acquired secondary meaning

Similar to descriptive marks	Color is with specific products or services

Protection of Trade Names

"Any name used by a person to identify his or her business or vocation." (15 U.S.C. §1127). Usually identifies underlying business entity, not specific products or services

No registration rights for trade names unless:

Actually used on the products	Used to identify the service

Registration of Marks

Rights associated with trademarks:

- Rights to use
- Rights to register

Applications for registration:

- Use application
- Intent to use application

Once trademark registration is obtained ® should be used, while registration is pending, ™ should be used

Trademark Infringement

Defined: Occurs when a person uses any "reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive" without consent of registrant. [15 U.S.C. §1114(1)(a)]

Elements of Trademark Infringement Claims

1. Protectable property right in the trademark (e.g., federal registration ®)

2. Plaintiff owns the trademark and Defendant used the mark without consent

3. Defendant's use is *likely to cause confusion* among or deceive consumers

Proving the Likelihood of Confusion

Factor	*Description*
1. Strength/weakness of the mark	How distinctive is it (fanciful, arbitrary, suggestive, descriptive with secondary meaning or generic)?
2. Similarity between the marks	Appearance, size, shape, impression, sound and meaning of the mark.
3. Similarity of the products or service	Are the class of goods related or similar, such as T-shirts and golf shirts, or seemingly dissimilar, such as bicycles and race cars?
4. Marketing/distribution channels	Is the defendant in the same marketing or distribution channel? If not, is it likely that the defendant will enter the market that the plaintiff is in or may enter in the near future.
5. Defendant's intention in adopting the mark	To what extent is the defendant trying to capitalize on consumer recognition of the plaintiff's marks?
6. Evidence of actual consumer confusion	To what extent are consumers actually confused by the defendant's use of the similar marks? This is often shown with consumer surveys and market research.
7. Sophistication of the consumer	To what extent can buyers protect themselves from being confused by the defendant's marks? More sophisticated buyers are presumed to be less likely to be misled, and children are often considered unsophisticated and unlikely to distinguish between similar marks.
8. Quality of Defendant's product	The lesser the quality of the defendant's product, the more harm is likely from consumer confusion.

Defenses to Trademark Infringement

- Fair use
- Parody
- Abandonment
- Functionality

Cancellation of Trademarks

- U.S. Patent Office had the authority to cancel a trademark that was disparaging.
- Lengthy controversy: Request to cancel the Washington Redskins football team's trademarks.
  - USPTO Canceled Washington's trademark in June 2014. Read the full decision.
  - Appeal to the 4th Cir. was pending when S.Ct. decided another case and struck down disparagement provisions as unconstitutional viewpoint restraints.
  - 4th Cir. Reversed the USPTO and ended the 27-year battle
  - Washington eventually abandoned the offensive trademark and will adopt a new franchise name.

Legal Review

Regarding team names such as Atlanta Braves, Chicago Blackhawks, Cleveland Indians, or the Florida State Seminoles:

- Do you understand how the names can be disrespectful and offensive?
- What role, if any, should the names play related to the history and tradition of the teams?

Trademark Dilution

Purpose

- **Protect value of trademark from being diminished or diluted in the absence of trademark infringement**

What is Dilution?

- **Defendant's use taints, lessens or weakens exclusive association that plaintiff has created in its marks and its products/services**
- **"Likelihood of dilution" standard**
- **Sole remedy is an injunction, unless dilution is intentional**

Only Protects "Famous Marks"

- **Tarnishment**
- **Blurring**

Determining if a Trademark Is Famous

Factors used to determine whether a trademark is famous

- The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
- The amount, volume, and geographic extent of sales of goods or services offered under the mark.
- The extent of actual recognition of the mark.
- Whether the mark is registered.

Trademark Law and the Olympics

Amateur Sports Act (ASA) of 1978 and Ted Stevens Olympic and Amateur Sports Act of 1998 (OASA)

ASA and OASA Protections Include

- USOC's ability to raise funds to finance US participation in the Olympics and Paralympics (licensing and sponsorship programs)
- Exclusive rights to USOPC to words and symbols associated with the Olympic Movement

Extends Lanham Act protections to USOPC

- USOPC does not need to prove likelihood of confusion
- USOPC strictly applies trademark protection.

Legal Review

- Do you believe the USOPC needs heightened protection for its trademarks?
- If a bakery is sent a cease-and-desist letter for hanging five interlocking bagels in a store window, is the USOPC being heavy handed?
  - Is the bakery simply joining in the patriotic fervor of the Games?
  - Or is this trademark infringement?
    - How important is not having to prove likelihood of confusion to the USOPC's trademark protections?

Competitive Advantage Strategies
Trademarks

- Inventory all intellectual property and maintain up-to-date records of how it is being used.
- Develop a licensing program to monitor use of protected marks and to build associated goodwill.
- Begin new marketing activities with research and action regarding creation and protection of new IP rights.
- Monitor and document how a trademark is being used.

(continued)

Competitive Strategies, continued

- Use an aggressive strategy to counter unauthorized use of protected marks.
- Make sure licensees are producing excellent-quality goods that reflect positively on the organization.
- Before selecting a mark, conduct research to make sure there are no current uses of the proposed mark.

The Law of Copyrights

What is a Copyright?

A copyright extends a protected property interest to the creator of a creative work which gives the creator a limited monopoly over the work to prevent others from using the work without permission and to be able to exclusively profit from the work.

Examples:

Product labels, website content and design, merchandise logos, broadcasts, novels, sport figure biographies, halftime performances, the music played throughout an event, and paintings of sport celebrities

Purpose of Copyrights

Encourage creativity

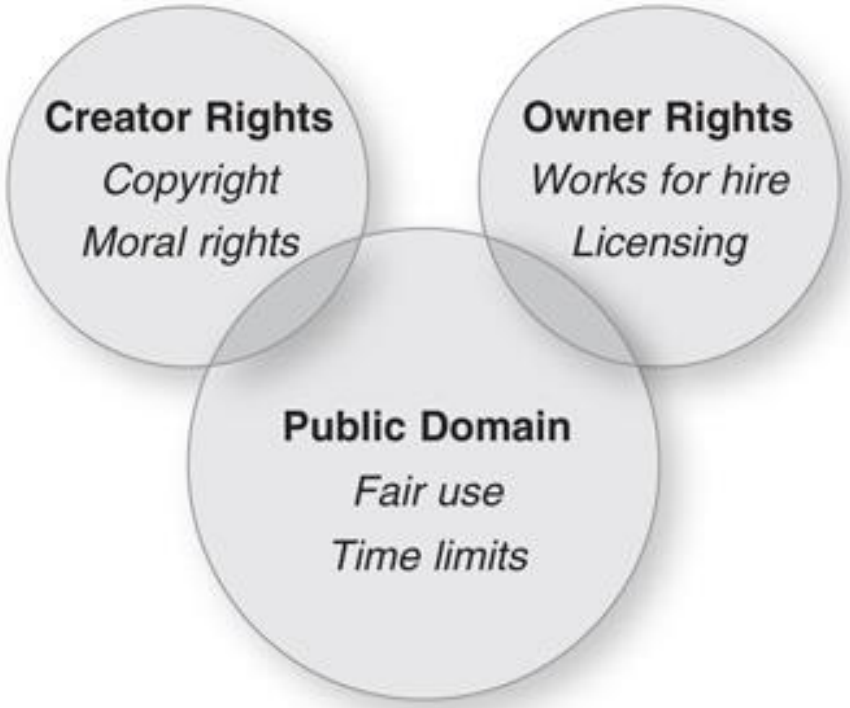
Extend protection to art, literature, music, and other works

Grant rights to creator, but limit duration and extent of those rights

Allow for fair use of materials

Do not protect an idea; instead, protect the *fixed expression* of the idea

Balancing Competing Interests in Copyright Law



Note: This figure represents the intersection and balance between competing interests related to copyrights. Although the image may also bear a resemblance to a famous and well-known copyrighted character, Mickey Mouse, such similarities are purely for educational and informational purposes. If Congress had not recently passed the Sonny Bono Copyright Term Extension Act, many images of Mickey Mouse would have passed into the public domain in 2003. Instead, the public will not have free and open access to these artistic creations until the year 2028.

Creation of Copyrights

Two Requirements

Originality:

- Created by author
- Contains a minimal amount of creativity
- Does not include collections of data or facts
- Rewards creativity, not effort

Fixation:

- Work must be in tangible form (written down or recorded)

Materials and Subject Matter Protected by the Copyright Act of 1976

- Literary works
- Musical works
- Dramatic works
- Pantomimes and choreographic works
- Pictorial, graphic, and sculptural works
- Motion pictures and audiovisual works
- Sound recordings
- Architectural works

Registration of Copyrights

Not required for copyright to exist

Comes into existence as soon as work is created and in tangible form

Owner may not sue for infringement unless copyright is registered

Three elements:

"Copyright" or © symbol	Date	Name of author or other copyright holder

Determining Ownership of Copyrights

- Single author or creator
- Joint work
- Collective works
- Works for hire

Rights Granted with Copyright

Property rights

- Reproduce
- Distribute
- Perform
- Display

Moral rights

- Work of Visual Arts Only
- Right of Attribution
- Right of Integrity

Legal Review

- Imagine that you are an artist who has spent many hours designing a trophy for a prominent sporting event—only to see the winner of the event destroy the trophy in his enthusiasm.
- Now imagine that you are an athlete who has just won a race; in your enthusiasm, you smash the trophy on the ground.
- Does point of view change how you feel about the destruction of the piece of art?

Copyright Infringement

To prove copyright infringement, the copyright owner must:

- Prove ownership of a valid copyright
- Prove copying of constituent elements of the work that are original
- Substantial Similarity Test

Defenses to Copyright Infringement

Fair Use

- Avoids stifling creativity based on too strict application of copyright protections – balancing of interests
- Generally allows use of copyrighted material for purposes of criticism, comment, news reporting, teaching, scholarship, or research
- Four Factor Test

Parody is a form of Fair Use

Competitive Advantage Strategies
Copyrights

- Engage the services of an attorney or expert for trademark searches, copyright renewals, and digital rights management.
- Establish procedures for responding to trademark or copyright infringement and don't accept creative works from outside sources.
- Include copyright symbol on sponsorship proposals and promotional presentations.
- Reserve TV broadcasting/webcasting agreements to the university.

Law of Patents

Types:

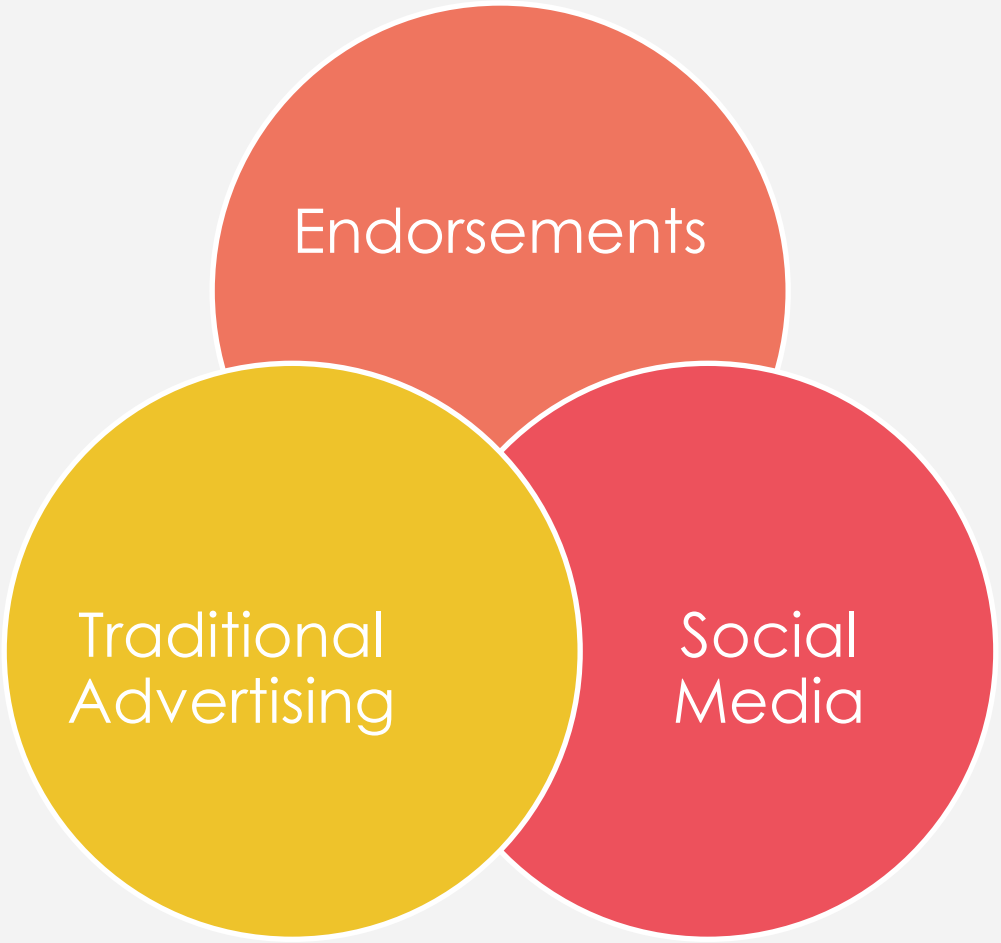
- Utility patents
- Design patents

Litigation:

- Sporting goods and equipment manufacturers, particularly golf product and equipment companies

Publicity Rights as Intellectual Property

Use of Athletes Name, Image and Likeness – Publicity Rights



Publicity Rights

Elements for right of publicity claims:

- Use of a person's identity
- Without consent
- To gain a commercial advantage

First Amendment Defense

- Balances the Right of Publicity with 1st Amendment rights to expressive speech

Three Balancing Tests Used

- Relatedness test
- Transformative test
- Predominant use test

Legal Review

- Do you believe celebrities actually use the products they endorse?
- Have you ever bought a product because of a celebrity endorsement?
- Are you inclined to believe the genuineness of an athlete's tweet or Facebook post over their appearance in a traditional ad? Why or why not?